

# **Exhibit C – Part 4**

1 **C. The Ignition Switch Defects Have Harmed Consumers in Orange County and the**  
2 **State**

3 212. GM's unprecedented concealment of a large number of serious defects, and its  
4 irresponsible approach to safety issues, has caused damage to consumers in Orange County and  
5 throughout California.

6 213. A vehicle made by a reputable manufacturer of safe and reliable vehicles who  
7 stands behind its vehicles after they are sold is worth more than an otherwise similar vehicle made  
8 by a disreputable manufacturer known for selling defective vehicles and for concealing and failing  
9 to remedy serious defects after the vehicles are sold.

10 214. A vehicle purchased or leased under the reasonable assumption that it is safe and  
11 reliable is worth more than a vehicle of questionable safety and reliability due to the  
12 manufacturer's recent history of concealing serious defects from consumers and regulators.

13 215. Purchasers and lessees of new and used GM-branded vehicles after the July 10,  
14 2009, inception of GM paid more for the vehicles than they would have had GM disclosed the  
15 many defects it had a duty to disclose in GM-branded vehicles. Because GM concealed the defects  
16 and the fact that it was a disreputable brand that valued cost-cutting over safety, these consumers  
17 did not receive the benefit of their bargain. And the value of all their vehicles has diminished as  
18 the result of GM's deceptive conduct.

19 216. If GM had timely disclosed the many defects as required by the TREAD Act and  
20 California law, California vehicle owners' GM-branded vehicles would be considerably more  
21 valuable than they are now. Because of GM's now highly publicized campaign of deception, and  
22 its belated, piecemeal and ever-expanding recalls, so much stigma has attached to the GM brand  
23 that no rational consumer would pay what otherwise would have been fair market value for GM-  
24 branded vehicles.

25 **D. Given GM's Knowledge of the Defects and the Risk to Public Safety, it Was Obligated to**  
26 **Promptly Disclose and Remedy the Defects.**

27 217. The National Traffic and Motor Vehicle Safety Act of 1966 (the "Safety Act")  
28 requires manufacturers of motor vehicles and motor vehicle equipment to submit certain  
information to the National Highway Traffic Safety Administration (NHTSA) in order "to reduce

1 traffic accidents and deaths and injuries resulting from traffic accidents.” 49 U.S.C. § 30101 *et*.  
2 *seq.*

3 218. Under the Safety Act, the manufacturer of a vehicle has a duty to notify dealers and  
4 purchasers of a safety defect and remedy the defect without charge. 49 U.S.C. § 30118. In  
5 November 2000, Congress enacted the Transportation Recall Enhancement, Accountability and  
6 Documentation (TREAD) Act, 49 U.S.C. §§ 30101-30170, which amended the Safety Act and  
7 directed the Secretary of Transportation to promulgate regulation expanding the scope of the  
8 information that manufacturers are required to submit to NHTSA.

9 219. The Safety Act requires manufacturers to inform NHTSA within five days of  
10 discovering a defect. 49 CFR § 573.6 provides that a manufacturer “shall furnish a report to the  
11 NHTSA for each defect in his vehicles or in his items of original or replacement equipment that he  
12 or the Administrator determines to be related to motor vehicle safety, and for each noncompliance  
13 with a motor vehicle safety standard in such vehicles or items of equipment which either he or the  
14 Administrator determines to exist,” and that such reports must include, among other  
15 things: identification of the vehicles or items of motor vehicle equipment potentially containing  
16 the defect or noncompliance, including a description of the manufacturer’s basis for its  
17 determination of the recall population and a description of how the vehicles or items of equipment  
18 to be recalled differ from similar vehicles or items of equipment that the manufacturer has not  
19 included in the recall; in the case of passenger cars, the identification shall be by the make, line,  
20 model year, the inclusive dates (month and year) of manufacture, and any other information  
21 necessary to describe the vehicles; a description of the defect or noncompliance, including both a  
22 brief summary and a detailed description, with graphic aids as necessary, of the nature and physical  
23 location (if applicable) of the defect or noncompliance; a chronology of all principal events that  
24 were the basis for the determination that the defect related to motor vehicle safety, including a  
25 summary of all warranty claims, field or service reports, and other information, with their dates of  
26 receipt; a description of the manufacturer’s program for remedying the defect or noncompliance;  
27 and a plan for reimbursing an owner or purchaser who incurred costs to obtain a remedy for the  
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1 problem addressed by the recall within a reasonable time in advance of the manufacturer's  
2 notification of owners, purchasers and dealers.

3 220. Manufacturers are also required to submit "early warning reporting" (EWR) data  
4 and information that may assist the agency in identifying safety defects in motor vehicles or motor  
5 vehicle equipment. *See* 49 U.S.C. § 30166(m)(3)(B). The data submitted to NHTSA under the  
6 EWR regulation includes: production numbers (cumulative total of vehicles or items of equipment  
7 manufactured in the year); incidents involving death or injury based on claims and notices received  
8 by the manufacturer; claims relating to property damage received by the manufacturer; warranty  
9 claims paid by the manufacturer (generally for repairs on relatively new products) pursuant to a  
10 warranty program (in the tire industry these are warranty adjustment claims); consumer complaints  
11 (a communication by a consumer to the manufacturer that expresses dissatisfaction with the  
12 manufacturer's product or performance of its product or an alleged defect); and field reports  
13 (prepared by the manufacturer's employees or representatives concerning failure, malfunction, lack  
14 of durability or other performance problem of a motor vehicle or item of motor vehicle equipment).

15 221. Regulations promulgated under the TREAD Act also require manufacturers to  
16 inform NHTSA of defects and recalls in motor vehicles in foreign countries. Under 49 CFR §§  
17 579.11 and 579.12 a manufacturer must report to NHTSA not later than five working days after a  
18 manufacturer determines to conduct a safety recall or other safety campaign in a foreign country  
19 covering a motor vehicle sold or offered for sale in the United States. The report must include,  
20 among other things: a description of the defect or noncompliance, including both a brief summary  
21 and a detailed description, with graphic aids as necessary, of the nature and physical location (if  
22 applicable) of the defect or noncompliance; identification of the vehicles or items of motor vehicle  
23 equipment potentially containing the defect or noncompliance, including a description of the  
24 manufacturer's basis for its determination of the recall population and a description of how the  
25 vehicles or items of equipment to be recalled differ from similar vehicles or items of equipment  
26 that the manufacturer has not included in the recall; the manufacturer's program for remedying the  
27 defect or noncompliance, the date of the determination and the date the recall or other campaign  
28 was commenced or will commence in each foreign country; and identify all motor vehicles that the

1 manufacturer sold or offered for sale in the United States that are identical or substantially similar  
2 to the motor vehicles covered by the foreign recall or campaign.

3 222. 49 CFR § 579.21 requires manufacturers to provide NHTSA quarterly field reports  
4 related to the current and nine preceding model years regarding various systems, including, but not  
5 limited to, vehicle speed control. The field reports must contain, among other things: a report on  
6 each incident involving one or more deaths or injuries occurring in the United States that is  
7 identified in a claim against and received by the manufacturer or in a notice received by the  
8 manufacturer which notice alleges or proves that the death or injury was caused by a possible  
9 defect in the manufacturer's vehicle, together with each incident involving one or more deaths  
10 occurring in a foreign country that is identified in a claim against and received by the manufacturer  
11 involving the manufacturer's vehicle, if that vehicle is identical or substantially similar to a vehicle  
12 that the manufacturer has offered for sale in the United States, and any assessment of an alleged  
13 failure, malfunction, lack of durability, or other performance problem of a motor vehicle or item of  
14 motor vehicle equipment (including any part thereof) that is originated by an employee or  
15 representative of the manufacturer and that the manufacturer received during a reporting period.

16 223. GM has known throughout the liability period that many GM-branded vehicles sold  
17 or leased in the State of California were defective – and, in many cases, dangerously so.

18 224. Since the date of GM's inception, many people have been injured or died in  
19 accidents relating to the ignition switch defects alone. While the exact injury and death toll is  
20 unknown, as a result of GM's campaign of concealment and suppression of the large number of  
21 defects plaguing over 17 million GM-branded vehicles, numerous other drivers and passengers of  
22 the Defective Vehicles have died or suffered serious injuries and property damage. All owners and  
23 lessees of GM-branded vehicles have suffered economic damage to their property due to the  
24 disturbingly large number of recently revealed defects that were concealed by GM. Many are  
25 unable to sell or trade their cars, and many are afraid to drive their cars.

1 **E. GM's Misrepresentations and Deceptive, False, Untrue and Misleading Advertising,**  
2 **Marketing and Public Statements**

3 225. Despite its knowledge of the many serious defects in millions of GM-branded  
4 vehicles, GM continued to (1) sell new Defective Vehicles; (2) sell used Defective Vehicles as  
5 "GM certified"; and (3) use defective ignition switches to repair GM vehicles, all without  
6 disclosing or remedying the defects. As a result, the injury and death toll associated with the  
7 Defective Vehicles has continued to increase and, to this day, GM continues to conceal and  
8 suppress this information.

9 226. During this time period, GM falsely assured California consumers in various written  
10 and broadcast statements that its cars were safe and reliable, and concealed and suppressed the true  
11 facts concerning the many defects in millions of GM-branded vehicles, and GM's policies that led  
12 to both the manufacture of an inordinate number of vehicles with safety defects and the subsequent  
13 concealment of those defects once the vehicles are on the road. To this day, GM continues to  
14 conceal and suppress information about the safety and reliability of its vehicles.

15 227. Against this backdrop of fraud and concealment, GM touted its reputation for safety  
16 and reliability, and knew that people bought and retained its vehicles because of that reputation,  
17 and yet purposefully chose to conceal and suppress the existence and nature of the many safety  
18 defects. Instead of disclosing the truth about the dangerous propensity of the Defective Vehicles  
19 and GM's disdain for safety, California consumers were given assurances that their vehicles were  
20 safe and defect free, and that the Company stands behind its vehicles after they are on the road.

21 228. GM has consistently marketed its vehicles as "safe" and proclaimed that safety is  
22 one of its highest priorities.

23 229. It told consumers that it built the world's best vehicles:

24 We truly are building a new GM, from the inside out. Our vision is  
25 clear: to design, build and sell the world's best vehicles, and we have  
26 a new business model to bring that vision to life. We have a lower  
27 cost structure, a stronger balance sheet and a dramatically lower risk  
28 profile. We have a new leadership team – a strong mix of executive  
talent from outside the industry and automotive veterans – and a  
passionate, rejuvenated workforce.

"Our plan is to steadily invest in creating world-class vehicles, which  
will continuously drive our cycle of great design, high quality and  
higher profitability."

1           230. It represented that it was building vehicles with design excellence, quality and  
2 performance:

3                   And across the globe, other GM vehicles are gaining similar acclaim  
4 for design excellence, quality and performance, including the Holden  
Commodore in Australia. Chevrolet Agile in Brazil, Buick LaCrosse  
5 in China and many others.

6                   The company's progress is early evidence of a new business model  
7 that begins and ends with great vehicles. We are leveraging our  
8 global resources and scale to maintain stringent cost management  
while taking advantage of growth and revenue opportunities around  
the world, to ultimately deliver sustainable results for all of our  
shareholders.

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231. The theme below was repeated in advertisements, company literature, and material at dealerships as the core message about GM's Brand:

The new General Motors has one clear vision: to design, build and sell the world's best vehicles. Our new business model revolves around this vision, focusing on fewer brands, compelling vehicle design, innovative technology, improved manufacturing productivity and streamlined, more efficient inventory processes. The end result is products that delight customers and generate higher volumes and margins—and ultimately deliver more cash to invest in our future vehicles.

## A New Vision, a New Business Model

Our vision is simple, straightforward and clear: to design, build and sell the world's best vehicles. That doesn't mean just making our vehicles better than the ones they replace. We have set a higher standard for the new GM—and that means building the best.

Our vision comes to life in a continuous cycle that starts, ends and begins again with great vehicle designs. To accelerate the momentum we've already created, we reduced our North American portfolio from eight brands to four: Chevrolet, Buick, Cadillac and GMC. Worldwide, we're aggressively developing and leveraging global vehicle architectures to maximize our talent and resources and achieve optimum economies of scale.

Across our manufacturing operations, we have largely eliminated overcapacity in North America while making progress in Europe, and we're committed to managing inventory with a new level of discipline. By using our manufacturing capacity more efficiently

and maintaining leaner vehicle inventories, we are reducing the need to offer sales incentives on our vehicles. These moves, combined with offering attractive, high-quality vehicles, are driving healthier margins—and at the same time building stronger brands.

Our new business model creates a self-sustaining cycle of reinvestment that drives continuous improvement in vehicle design, manufacturing discipline, brand strength, pricing and margins, because we are now able to make money at the bottom as well as the top of the industry cycles.

We are seeing positive results already. In the United States, for example, improved design, content and quality have resulted in solid gains in segment share, average transaction prices and projected residual values for the Chevrolet Equinox, Buick LaCrosse and Cadillac SRX. This is just the beginning.

232. It represented that it had a world-class lineup in North America:

## A World-Class Lineup in North America



### Chevrolet Cruze

Global success is no surprise for the new Chevrolet Cruze, which is sold in more than 100 countries around the world. In addition to a 42 mpg Eco model (sold in North America), Cruze's globally influenced design is complemented by its exceptional quietness, high quality and attention to detail not matched by the competition.



### Buick Regal

The sport-injected Buick Regal is the brand's latest addition, attracting a whole new demographic for the Buick brand. The newly designed Buick lineup, which saw 52 percent volume growth in 2010 in the United States alone, is appealing to a broader spectrum of buyers.



### Chevrolet Equinox

The Chevrolet Equinox delivers best-in-class 22-mpg highway fuel economy in a sleek, roomy new package. With the success of the Equinox and other top-selling crossovers, GM leads the U.S. industry in total unit sales for the segment.



### Chevrolet Sonic

Sleek four-door sedan and sporty five-door hatchback versions of the Chevrolet Sonic will hit U.S. showrooms in fall 2011. Currently the only small car built in the United States, it will be sold in the U.S. in other parts of the world.



### Buick LaCrosse

Buick builds on the brand's momentum in the United States and China with the fuel-efficient LaCrosse. With quieter technology, the LaCrosse achieves an expected 37 mpg on the highway.



### Buick Verano

The all-new Buick Verano, which will be available in late 2011, appeals to customers in the United States, Canada and Mexico who want great fuel economy and luxury in a smaller but premium package.








**GMC Terrain**  
The GMC Terrain delivers segment-leading fuel economy of 32 mpg highway, plus uncompromising comfort and premium technology. In a 5-passenger, compact SUV.



**Cadillac CTS V-Coupe**  
Cadillac's new CTS V-Coupe is the complete package for the driving enthusiast—a 550 hp supercharged V-8 engine, stunning lines and performance handling.



**GMC Sierra Heavy Duty**  
The GMC Sierra offers heavy-duty power and performance with the proven and powerful Duramax Diesel/Nissan Transmission combination and a completely new chassis with improved capabilities and ride comfort.



**GMC Yukon Hybrid**  
The GMC Yukon Hybrid is America's first full-sized SUV Hybrid, with city fuel economy of 20 mpg—better than a standard 6-cylinder Honda Accord and 43 percent better than any full-size SUV in its class.



**Cadillac CTS Sport Wagon**  
With an available advanced direct-injected V8 engine, the Cadillac CTS Sport Wagon sets a new standard for versatility, while offering excitement and purpose.



**Cadillac SRX**  
The Cadillac SRX looks and performs like no other crossover, with a cockpit that offers utility and elegance and an optional 20-inch ultra-low stance.

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1 233. It boasted of its new “culture”:



23 234. In its 2012 Annual Report, GM told the world the following about its brand:

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What is immutable is our focus on the customer, which requires us to go from “good” today to “great” in everything we do, including product design, initial quality, durability and service after the sale.

235. GM also indicated it had changed its structure to create more “accountability” which, as shown above, was a blatant falsehood:

1 That work continues, and it has been complemented by changes to  
2 our design and engineering organization that have flattened the  
3 structure and created more accountability for produce execution,  
4 profitability and customer satisfaction.

5 236. And GM represented that product quality was a key focus – another blatant  
6 falsehood:

7 Product quality and long-term durability are two other areas that  
8 demand our unrelenting attention, even though we are doing well on  
9 key measures.

10 237. In its 2013 Letter to Stockholders GM noted that its brand had grown in value and  
11 boasted that it designed the “World’s Best Vehicles”:

12 Dear Stockholder:

13 Your company is on the move once again. While there were highs  
14 and lows in 2011, our overall report card shows very solid marks,  
15 including record net income attributable to common stockholders of  
16 \$7.6 billion and EBIT-adjusted income of \$8.3 billion.

- 17 • GM’s overall momentum, including a 13 percent sales  
18 increase in the United States, created new jobs and drove  
19 investments. We have announced investments in 29 U.S.  
20 facilities totaling more than \$7.1 billion since July 2009, with  
21 more than 17,500 jobs created or retained.

#### 22 Design, Build and Sell the World’s Best Vehicles

23 This pillar is intended to keep the customer at the center of  
24 everything we do, and success is pretty easy to define. It means  
25 creating vehicles that people desire, value and are proud to own.  
26 When we get this right, it transforms our reputation and the  
27 company’s bottom line.

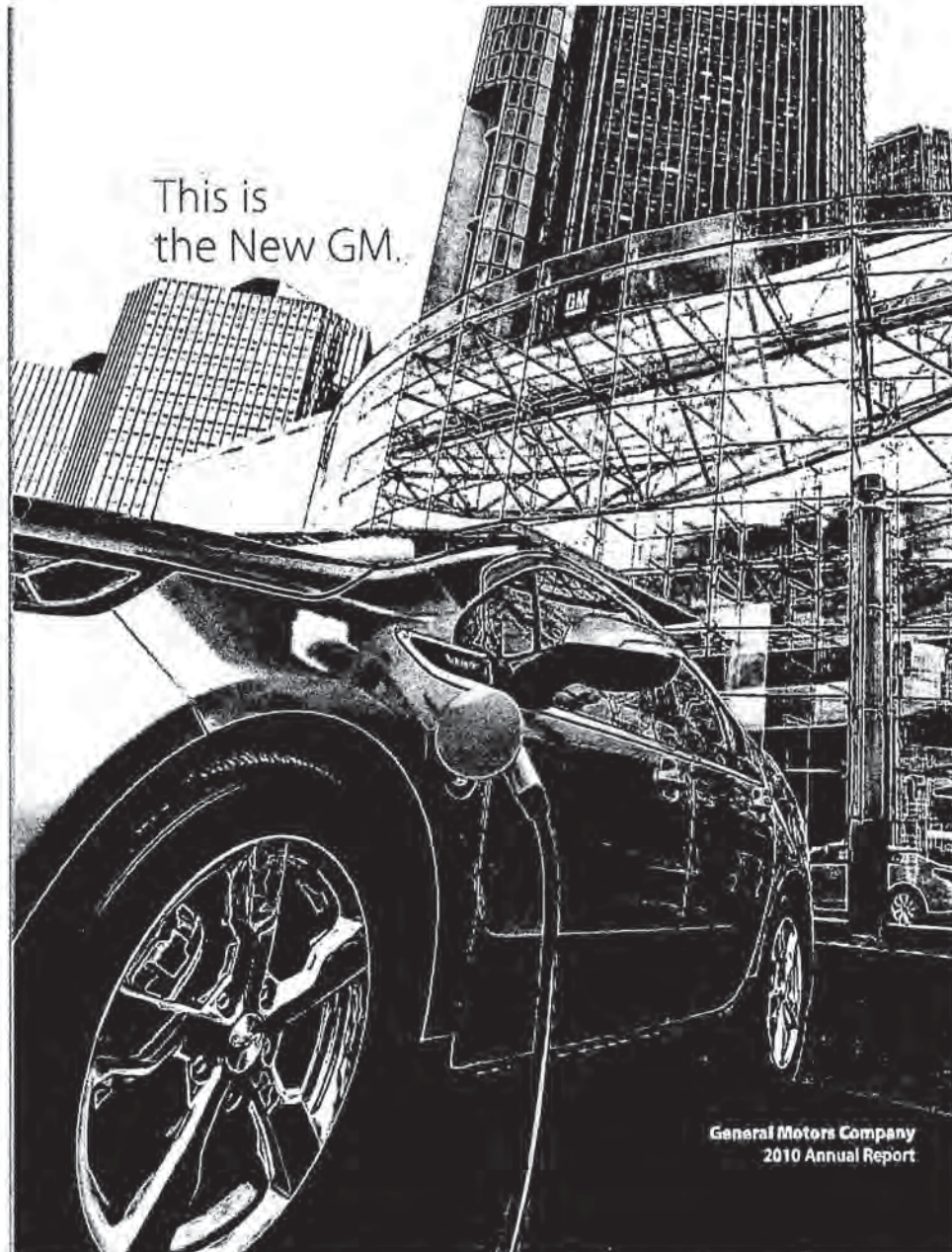
#### 28 Strengthen Brand Value

Clarity of purpose and consistency of execution are the cornerstones  
of our product strategy, and two brands will drive our global growth.  
They are Chevrolet, which embodies the qualities of value,  
reliability, performance and expressive design; and Cadillac, which  
creates luxury vehicles that are provocative and powerful. At the  
same time the Holden, Buick, GMC, Baojun, Opel and Vauxhall  
brands are being carefully cultivated to satisfy as many customers as  
possible in select regions.

Each day the cultural change underway at GM becomes more  
striking. The old internally focused, consensus-driven and overly  
complicated GM is being reinvented brick by brick, by truly  
accountable executives who know how to take calculated risks and  
lead global teams that are committed to building the best vehicles in  
the world as efficiently as we can.

1 That's the crux of our plan. The plan is something we can control.  
2 We like the results we're starting to see and we're going to stick to  
it – always.

3 238. Once it emerged from bankruptcy, GM told the world it was a new and improved  
4 company:



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2 239. A radio ad that ran from GM's inception until July 16, 2010, stated that "[a]t GM,  
3 building quality cars is the most important thing we can do."

4 240. An online ad for "GM certified" used vehicles that ran from July 6, 2009 until  
5 April 5, 2010, stated that "GM certified means no worries."

6 241. GM's Chevrolet brand ran television ads in 2010 showing parents bringing their  
7 newborn babies home from the hospital, with the tagline "[a]s long as there are babies, there'll be  
8 Chevys to bring them home."

9 242. Another 2010 television ad informed consumers that "Chevrolet's ingenuity and  
10 integrity remain strong, exploring new areas of design and power, while continuing to make some  
11 of the safest vehicles on earth."

12 243. An online national ad campaign for GM in April of 2012 stressed "Safety. Utility.  
13 Performance."

14 244. A national print ad campaign in April of 2013 states that "[w]hen lives are on the  
15 line, you need a dependable vehicle you can rely on. Chevrolet and GM ... for power,  
16 performance and safety."

17 245. A December 2013 GM testimonial ad stated that "GM has been able to deliver a  
18 quality product that satisfies my need for dignity and safety."

19 246. GM's website, GM.com, states:

20 Innovation: Quality & Safety; GM's Commitment to Safety; Quality  
21 and safety are at the top of the agenda at GM, as we work on  
22 technology improvements in crash avoidance and crashworthiness to  
23 augment the post-event benefits of OnStar, like advanced automatic  
24 crash notification. Understanding what you want and need from your  
25 vehicle helps GM proactively design and test features that help keep  
26 you safe and enjoy the drive. Our engineers thoroughly test our  
27 vehicles for durability, comfort and noise minimization before you  
28 think about them. The same quality process ensures our safety  
technology performs when you need it.

25 247. On February 25, 2014, GM North America President Alan Batey publically stated:  
26 "Ensuring our customers' safety is our first order of business. We are deeply sorry and we are  
27 working to address this issue as quickly as we can."  
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1           248. These proclamations of safety and assurances that GM's safety technology performs  
2 when needed were false and misleading because they failed to disclose the dangerous defects in  
3 millions of GM-branded vehicles, and the fact GM favored cost-cutting and concealment over  
4 safety. GM knew or should have known that its representations were false and misleading.

5           249. GM continues to make misleading safety claims in public statements,  
6 advertisements, and literature provided with its vehicles.

7           250. GM violated California law in failing to disclose and in actively concealing what it  
8 knew regarding the existence of the defects, despite having exclusive knowledge of material facts  
9 not known to the Plaintiff or to California consumers, and by making partial representations while  
10 at the same time suppressing material facts. *LiMandri v. Judkins* (1997) 52 Cal. App. 4th 326, 337,  
11 60 Cal. Rptr. 2d 539. In addition, GM had a duty to disclose the information that it knew about the  
12 defects because such matters directly involved matters of public safety.

13           251. GM violated California law in failing to conduct an adequate retrofit campaign  
14 (*Hernandez v. Badger Construction Equip. Co.* (1994) 28 Cal. App. 4th 1791, 1827), and in failing  
15 to retrofit the Defective Vehicles and/or warn of the danger presented by the defects after becoming  
16 aware of the dangers after their vehicles had been on the market (*Lunghi v. Clark Equip. Co.*  
17 (1984) 153 Cal. App. 3d 485; *Balido v. Improved Machinery, Inc.* (1972) 29 Cal. App. 3d 633).

18           252. GM also violated the TREAD Act, and the regulations promulgated under the Act,  
19 when it failed to timely inform NHTSA of the defects and allowed cars to remain on the road with  
20 these defects. By failing to disclose and actively concealing the defects, by selling new Defective  
21 Vehicles and used "GM certified" Defective Vehicles without disclosing or remedying the defects,  
22 and by using defective ignition switches for "repairs," GM engaged in deceptive business practices  
23 prohibited by the CLRA, Cal. Civ. Code § 1750, *et seq.*, including (1) representing that GM  
24 vehicles have characteristics, uses, benefits, and qualities which they do not have; (2) representing  
25 that new Defective Vehicles and ignition switches and used "GM certified" vehicles are of a  
26 particular standard, quality, and grade when they are not; (3) advertising GM vehicles with the  
27 intent not to sell them as advertised; (4) representing that the subjects of transactions involving GM  
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1 vehicles have been supplied in accordance with a previous representation when they have not; and

2 (5) selling Defective Vehicles in violation of the TREAD Act.

3 **VI. CAUSES OF ACTION**

4 **FIRST CAUSE OF ACTION**

5 **VIOLATION OF BUSINESS AND PROFESSIONS CODE SECTION 17200**

6 253. Plaintiff realleges and incorporates by reference all preceding paragraphs.

7 254. GM has engaged in, and continues to engage in, acts or practices that constitute  
8 unfair competition, as that term is defined in section 17200 of the California Business and  
9 Professions Code.

10 255. GM has violated, and continues to violate, Business and Professions Code section  
11 17200 through its unlawful, unfair, fraudulent, and/or deceptive business acts and/or practices.  
12 GM uniformly concealed, failed to disclose, and omitted important safety-related material  
13 information that was known only to GM and that could not reasonably have been discovered by  
14 California consumers. Based on GM's concealment, half-truths, and omissions, California  
15 consumers agreed to purchase or lease one or more (i) new or used GM vehicles sold on or after  
16 July 10, 2009; (ii) "GM certified" Defective Vehicles sold on or after July 10, 2009; (iii) and/or to  
17 have their vehicles repaired using GM's defective ignition switches. GM also repeatedly and  
18 knowingly made untrue and misleading statements in California regarding the purported reliability  
19 and safety of its vehicles, and the importance of safety to the Company. The true information  
20 about the many serious defects in GM-branded vehicles, and GM's disdain for safety, was known  
21 only to GM and could not reasonably have been discovered by California consumers.

22 256. As a direct and proximate result of GM's concealment and failure to disclose the  
23 many defects and the Company's institutionalized devaluation of safety, GM intended that  
24 consumers would be misled into believing that that GM was a reputable manufacturer of reliable  
25 and safe vehicles when in fact GM was an irresponsible manufacture of unsafe, unreliable and  
26 often dangerously defective vehicles.

1 **UNLAWFUL**

2 257. The unlawful acts and practices of GM alleged above constitute unlawful business  
3 acts and/or practices within the meaning of California Business and Professions Code section  
4 17200. GM's unlawful business acts and/or practices as alleged herein have violated numerous  
5 federal, state, statutory, and/or common laws – and said predicate acts are therefore per se  
6 violations of section 17200. These predicate unlawful business acts and/or practices include, but  
7 are not limited to, the following: California Business and Professions Code section 17500 (False  
8 Advertising), California Civil Code section 1572 (Actual Fraud – Omissions), California Civil  
9 Code section 1573 (Constructive Fraud by Omission), California Civil Code section 1710 (Deceit),  
10 California Civil Code section 1770 (the Consumers Legal Remedies Act – Deceptive Practices),  
11 California Civil Code section 1793.2 *et seq.* (the Consumer Warranties Act), and other California  
12 statutory and common law; the National Traffic and Motor Vehicle Safety Act (49 U.S.C. § 30101  
13 *et. seq.*), as amended by the Transportation Recall Enhancement, Accountability and  
14 Documentation TREAD Act, (49 U.S.C. §§ 30101-30170) including, but not limited to 49 U.S.C.  
15 §§ 30112, 30115, 30118 and 30166, Federal Motor Vehicle Safety Standard 124 (49 C.F.R. §  
16 571.124), and 49 CFR §§ 573.6, 579.11, 579.12, and 579.21.

17 **UNFAIR**

18 258. GM's concealment, omissions, and misconduct as alleged in this action constitute  
19 negligence and other tortious conduct and gave GM an unfair competitive advantage over its  
20 competitors who did not engage in such practices. Said misconduct, as alleged herein, also  
21 violated established law and/or public policies which seek to promote prompt disclosure of  
22 important safety-related information. Concealing and failing to disclose the nature and extent of  
23 the numerous safety defects to California consumers, before (on or after July 10, 2009) those  
24 consumers (i) purchased one or more GM vehicles; (ii) purchased used "GM certified" Defective  
25 Vehicles; or (iii) had their vehicles repaired with defective ignition switches, as alleged herein, was  
26 and is directly contrary to established legislative goals and policies promoting safety and the  
27 prompt disclosure of such defects, prior to purchase. Therefore GM's acts and/or practices alleged  
28 herein were and are unfair within the meaning of Business and Professions Code section 17200.

259. The harm to California consumers outweighs the utility, if any, of GM's acts and/or practices as alleged herein. Thus, GM's deceptive business acts and/or practices, as alleged herein, were unfair within the meaning of Business and Professions Code section 17200.

260. As alleged herein, GM's business acts and practices offend established public policies, including, but not limited to, public policies against making partial half-truths and failing to disclose important material facts to consumers.

261. In addition, as alleged herein, GM intended that California consumers would be misled and/or deceived into believing that they would be purchasing a safe and reliable vehicle built by a reputable manufacturer that values safety and stands behind its vehicles after they are sold, when, in fact, they were in many cases obtaining a vehicle that had defects that had the potential to cause serious bodily injury and/or death, and, in every case, obtaining a vehicle made by an irresponsible manufacturer that does not value safety and was concealing myriad known safety defects in millions of GM-branded vehicles. This practice is and was immoral, unethical, oppressive, unscrupulous, or substantially injurious to consumers and thus unfair within the meaning of Business and Professions Code section 17200.

262. At all times relevant, GM's misconduct and omissions alleged herein: (a) caused substantial injury to the Public; (b) had no countervailing benefit to consumers or to competition that could possibly outweigh this substantial injury; and (c) caused injury that could not have been avoided or even discovered by ordinary consumers, because it resulted from GM's concealment, failure to disclose and/or omission of important safety related material information that only the Defendant knew or could have known. Thus, GM's acts and/or practices as alleged herein were unfair within the meaning of Business and Professions Code section 17200.

**FRAUDULENT**

263. GM's acts and practices, as alleged herein, were likely to, and did, deceive the Public. GM's concealment, material omissions, acts, practices and non-disclosures, as alleged herein, therefore constitute fraudulent business acts and/or practices within the meaning of California Business and Professions Code section 17200.

1           264. California consumers have been, and continue to be, deceived by GM's  
2 concealment and material omissions as alleged herein. California consumers have suffered injury  
3 and lost money as a direct result of the deceptive conduct as alleged herein. The unlawful, unfair,  
4 deceptive, and/or fraudulent business acts and practices of GM, as fully described herein, present a  
5 continuing threat to the citizens of California to be misled and/or deceived by GM as alleged  
6 herein, and/or to be substantially injured by these dangerously defective cars.

7                                   **SECOND CAUSE OF ACTION**

8                           **VIOLATION OF BUSINESS AND PROFESSIONS CODE SECTION 17500**

9           265. Plaintiff realleges and incorporates by reference all preceding paragraphs.

10          266. California Business and Professions Code § 17500 states: "It is unlawful for any ...  
11 corporation ... with intent directly or indirectly to dispose of real or personal property ... to induce  
12 the public to enter into any obligation relating thereto, to make or disseminate or cause to be made  
13 or disseminated ... from this state before the public in any state, in any newspaper or other  
14 publication, or any advertising device, ... or in any other manner or means whatever, including over  
15 the Internet, any statement ... which is untrue or misleading, and which is known, or which by the  
16 exercise of reasonable care should be known, to be untrue or misleading."

17          267. GM caused to be made or disseminated through California and the United States,  
18 through advertising, marketing, and other publications, statements that were untrue or misleading,  
19 and which were known, or which by the exercise of reasonable care should have been known to  
20 GM, to be untrue and misleading to consumers.

21          268. GM has violated section 17500 because the misrepresentations and omissions  
22 regarding the safety and reliability of its vehicles and the importance of safety to the Company as  
23 set forth in this First Amended Complaint were material and likely to deceive a reasonable  
24 consumer.

25          269. California consumers were exposed to and saw advertisements for GM vehicles on  
26 television, in magazines, on billboards, in brochures at dealerships, and on the Internet before  
27 purchasing GM vehicles. Had those advertisements, window stickers, or any other materials  
28 disclosed that millions of GM-branded vehicles contained serious safety defects and that GM did

1 not value safety, consumers would not have purchased new GM vehicles on or after July 10, 2009  
2 and would not have purchased "GM certified" Defective Vehicles on or after July 10, 2009.

3 270. Despite notice of the serious safety defects in so many its vehicles, GM did not  
4 disclose to consumers that its vehicles – which GM for years had advertised as "safe" and  
5 "reliable" – were in fact not as safe or reliable as a reasonable consumer expected due to the risks  
6 created by the many known defects, and GM's focus on cost-cutting at the expense of safety and  
7 the resultant concealment of numerous safety defects. GM never disclosed what it knew about the  
8 defects. Rather than disclose the truth, GM concealed the existence of the defects, and claimed to  
9 be a reputable manufacturer of safe and reliable vehicles.

10 271. GM, by the acts and misconduct alleged herein, violated Business & Professions  
11 Code section 17500, and GM has engaged in, and continues to engage in, acts or practices that  
12 constitute false advertising.

13 272. GM has violated, and continues to violate, Business and Professions Code section  
14 17500 by disseminating untrue and misleading statements as defined by Business and Professions  
15 Code 17500. GM has engaged in acts and practices with intent to induce members of the public to  
16 purchase its vehicles by publicly disseminated advertising which contained statements which were  
17 untrue or misleading, and which GM knew, or in the exercise of reasonable care should have  
18 known, were untrue or misleading, and which concerned the real or personal property or services  
19 or their disposition or performance.

20 273. GM repeatedly and knowingly made untrue and misleading statements in California  
21 regarding the purported reliability and safety of its vehicles. The true information was known only  
22 to GM and could not reasonably have been discovered by California consumers. GM uniformly  
23 concealed, failed to disclose and omitted important safety-related material information that was  
24 known only to GM and that could not reasonably have been discovered by California consumers.  
25 Based on GM's concealment, half-truths, and omissions, California consumers agreed (on or after  
26 July 10, 2009) (i) to purchase GM vehicles; (ii) to purchase used "GM certified" Defective  
27 Vehicles; and/or (iii) to have their vehicles repaired using defective ignition switches,  
28

FIRST AMENDED COMPLAINT